KAROO HOOGLAND LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	2014 R
NET ASSETS AND LIABILITIES			
Net Assets		**273 197 345**	**277 788 031**
Accumulated Surplus/(Deficit)		273 197 345	277 788 031
Non-Current Liabilities		**14 630 937**	**13 910 472**
Long-term Liabilities	**2**	2 529 318	2 701 696
Employee benefits	**3**	4 329 000	3 823 000
Non-Current Provisions	**4**	7 772 619	7 385 776
Current Liabilities		**32 591 569**	**30 263 576**
Consumer Deposits	**5**	168 100	284 575
Current Employee benefits	**6**	1 558 688	1 824 130
Provisions	**4**	21 835 207	20 748 470
Trade and other payables	**7**	7 963 433	6 204 978
Unspent Conditional Government Grants and Receipts	**8**	771 177	930 902
Current Portion of Long-term Liabilities	**2**	294 965	270 521
Total Net Assets and Liabilities		**320 419 852**	**321 962 079**
ASSETS			
Non-Current Assets		**310 812 594**	**312 826 247**
Property, Plant and Equipment	**10**	281 533 225	282 295 837
Investment Property	**11**	25 252 145	25 602 580
Intangible Assets	**12**	308 994	319 981
Capitalised restoration cost	**4.1**	243 537	1 265 335
Long-Term Receivables	**13**	3 474 691	3 342 514
Current Assets		**9 607 258**	**9 135 833**
Inventory	**14**	7 900	21 890
Trade Receivables from exchange transactions	**15**	5 175 731	4 739 099
Other Receivables from non-exchange transactions	**16**	1 220 788	1 156 924
Taxes	**9.3**	284 367	68 737
Cash and Cash Equivalents	**17**	2 918 473	3 149 182
Total Assets		**320 419 853**	**321 962 080**

KAROO HOOGLAND LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 (Actual) R	2014 (Actual) R
REVENUE			
Revenue from Non-exchange Transactions		**35 281 976**	**33 576 667**
Taxation Revenue		**4 780 315**	**4 565 586**
Property taxes	**18**	4 563 285	4 303 445
Property Rates - penalties imposed and collection charges	**18**	217 030	262 140
Transfer Revenue		**30 469 596**	**29 005 563**
Government Grants and Subsidies - Capital	**19**	11 972 787	11 494 212
Government Grants and Subsidies - Operating	**19**	18 495 973	17 509 866
Public Contributions and Donations	**20**	835	1 485
Other Revenue		**32 066**	**5 519**
Actuarial Gains		26 456	-
Fines		5 610	5 519
Revenue from Exchange Transactions		**16 270 605**	**14 066 419**
Service Charges	**21**	13 472 679	12 106 329
Rental of Facilities and Equipment		688 612	695 194
Interest Earned - external investments		197 300	146 147
Interest Earned - outstanding debtors		915 447	525 780
Licences and Permits		-	78 792
Agency Services		216 998	220 798
Other Income	**22**	779 569	293 380
Total Revenue		**51 552 581**	**47 643 086**
EXPENDITURE			
Employee related costs	**23**	17 132 072	17 140 952
Remuneration of Councillors	**24**	1 905 710	1 691 001
Debt Impairment	**25**	1 531 993	120 865
Depreciation and Amortisation	**26**	11 269 202	10 802 884
Repairs and Maintenance		3 076 273	772 000
Actuarial losses	**3**	25 754	-
Finance Charges	**27**	2 039 900	1 753 475
Bulk Purchases	**28**	6 488 302	6 541 859
Grants and Subsidies Paid	**29**	-	2 900
Other Operating Grant Expenditure	**30**	3 076 031	6 223 968
General Expenses	**31**	8 152 898	2 728 257
Total Expenditure		**54 698 134**	**47 778 160**
Operating Surplus / (deficit) for the Year		**(3 145 553)**	**(135 074)**
Gain / (Loss) on disposal of Property, Plant and Equipment		(1 443 773)	234 907
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(4 589 326)**	**99 833**

KAROO HOOGLAND LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET SURPLUS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus/ (Deficit)	Total
Balance 1 July 2013 as previously reported	176 528 161	176 528 161
Adjustments to opening balance. Refer to note 49.16	101 160 037	101 160 037
Restated opening balance 1 July 2013	277 688 198	277 688 198
Restated deficit for the year. Refer to note 49.17	99 833	99 833
Balance 30 June 2014	277 788 031	277 788 031
		-
Net deficit for the year	(4 589 326)	(4 589 326)
Balance 30 June 2015	273 197 345	273 198 705

Karoo Hoogland Municipality
Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts		**48 746 035**	**48 550 380**
Rate payers and other		17 742 258	18 473 253
Government grants		29 891 030	29 930 980
		915 447	
Interest		197 300	146 147
Payments		**(37 859 362)**	**36 624 423**
Suppliers and employees		(35 819 463)	36 117 819
Finance charges		(2 039 900)	506 604
Net cash from operating activities	**32**	**10 886 673**	**11 925 957**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10 699 523)	(10 278 809)
Purchase of intangible assets		(21 271)	-
Net cash from investing activities		**(10 720 794)**	**(10 278 809)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term liabilities		(147 934)	(83 226)
Decrease in long term receivables		(132 178)	941 398
Increase in consumer deposits		(116 475)	(14 375)
Net cash from financing activities		**(396 587)**	**843 796**
Net increase/(decrease) in cash and cash equivalents		**(230 709)**	**2 490 944**
Cash and cash equivalents in the beginning of the year		**3 149 182**	**658 238**
Cash and cash equivalents at the end of the year		**2 918 473**	**3 149 182**

KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2015

	2015 Actual (R)	2015 Budget (R)	2015 Variance (R)
REVENUE			
Property Rates	4 563 285	4 861 787	(298 502)
Government Grants and Subsidies	30 468 761	28 607 149	1 861 612
Public Contributions and Donations	835	-	835
Fines	5 610	6 100	(490)
Actuarial Gains	26 456	-	26 456
Property Rates - Penalties & Collection Charges	217 030	-	217 030
Service Charges	13 472 679	14 090 665	(617 986)
Rental of Facilities and Equipment	688 612	461 300	227 312
Interest Earned - External Investments	197 300	55 000	142 300
Interest Earned - Outstanding Debtors	915 447	764 670	150 777
Agency Services	216 998	203 000	13 998
Other Revenue	779 569	136 876	642 693
	-		
Total Revenue	**51 552 581**	**49 186 547**	**2 366 034**
EXPENDITURE			
Employee Related Costs	17 132 072	18 157 194	(1 025 122)
Remuneration of Councillors	1 905 710	1 972 994	(67 284)
Depreciation and Amortisation	11 269 202	14 652 800	(3 383 598)
Debt Impairment	1 531 993	-	1 531 993
Repair and Maintenance	3 076 273	1 169 700	1 906 573
Finance Charges	2 039 900	293 500	1 746 400
Actuarial Losses	25 754	-	25 754
Bulk Purchases	6 488 302	6 800 000	(311 698)
Operating Grant Expenditure	3 076 031	2 734 000	342 031
General Expenses	8 152 898	7 532 198	620 700
Total Expenditure	**54 698 134**	**53 312 386**	**1 385 748**
SURPLUS / (DEFICIT) FOR THE YEAR	**(3 145 553)**	**(4 125 839)**	**3 751 782**
Capital expenditure	10 720 794	9 490 000	1 230 794

Explanations for variances are included in note 50.

		2015 R	2014 R
2	**LONG TERM LIABILITIES**		
	Annuity Loans - At amortised cost	2 626 694	2 791 719
	Less : Current portion transferred to current liabilities	(173 141)	(165 024)
		2 453 553	2 626 694
	Capitalised lease liability at amortised cost	197 589	180 498
	Less : Current portion transferred to current liabilities	(121 824)	(105 496)
		75 764	75 002
	Total liabilities at amortised cost	2 824 283	2 972 217
	Less : Current portion transferred to current liabilities	(294 965)	(270 521)
	Total Long term liabilities at amortised cost	2 529 318	2 701 696

A cession over the income stream of the Municiplaity is pledge as security, covering the instalments plus interest and collection charges outstanding at any time during the term of the DBSA loan.

Refer below for maturity dates of long term liabilities
The obligations under the maturity loans are scheduled as follows:

	2015 R	2014 R
Minimum payments		
Within one year	300 915	300 915
Within two years	300 915	300 915
Within five years	1 504 577	1 504 577
More than 5 years	1 353 784	1 654 720
	3 460 191	3 761 127
Less: Future finance obligations	(833 497)	(969 408)
Present value of annuity obligations	2 626 694	2 791 719

Annuity loans at amortised cost is calculated at 5% -10.5% interest rate, with a maturity date of 31 December 2026

The obligations under the lease liability are scheduled as follows:

	2015 R	2014 R
Minimum payments		
Within one year	157 701	139 595
Within two years	85 242	80 228
Within five years	-	7 770
	242 943	227 593
Less: Future finance obligations	(45 354)	(47 096)
	197 589	180 498

Leases are secured by property, plant and equipment

		2015 R	2014 R
3	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note	2 854 000	2 612 000
	Long Service Awards - Refer to Note 3.2	1 475 000	1 211 000
	Total Non-current Employee Benefit Liabilities	**4 329 000**	**3 823 000**

Post Retirement Benefits

	2015 R	2014 R
Balance 1 July	2 816 000	2 780 000
Interest for the year	262 000	191 000
Contribution for the year	39 000	42 000
Change in accounting estimate - Refer to note 48	201 000	
Less : Expenditure for the year	(226 544)	(197 000)
Actuarial Loss/(Gain)	(26 456)	-
Total post retirement benefits 30 June	**3 065 000**	**2 816 000**
Less: Transfer of Current Portion - Note 6	(211 000)	(204 000)
Balance 30 June	2 854 000	2 612 000

		2015 R	2014 R
3	**EMPLOYEE BENEFITS (CONTINUE)**		
	Long Service Awards		
	Balance 1 July	1 315 000	1 215 000
	Interest for the year	103 000	88 000
	Contribution for the year	130 000	111 000
	Change in accounting estimate - Refer to note 48	(25 000)	
	Less : Expenditure for the year	(35 754)	(99 000)
	Actuarial Loss/(Gain)	25 754	-
	Total long service 30 June	**1 513 000**	**1 315 000**
	Less: Transfer of Current Portion - Note 6	(38 000)	(104 000)
	Balance 30 June	**1 475 000**	**1 211 000**
	TOTAL NON-CURRENT EMPLOYEE BENEFITS		
	Balance 1 July	4 131 000	3 995 000
	Interest for the year	365 000	279 000
	Contribution for the year	169 000	153 000
	Change in accounting estimate - Refer to note 48	176 000	
	Less : Expenditure for the year	(262 298)	(296 000)
	Actuarial Loss/(Gain)	(702)	-
	Total employee benefits 30 June	**4 578 000**	**4 131 000**
	Less: Transfer of Current Portion - Note 6	(249 000)	(308 000)
	Balance 30 June	**4 329 000**	**3 823 000**

Post Retirement medical aid benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2015	2014
In-service (employee) members	7	7
Continuation members (e.g. Retirees, widows, orphans)	4	5
Total Members	**11**	**12**

The liability in respect of past service has been estimated to be as		
In-service members	866 000	611 000
Continuation members	2 199 000	2 169 000
Total Liability	**3 065 000**	**2 780 000**

The liability in respect of periods commencing prior the comparative year has been estimated as follows:	2014 R	2013 R
Members	2 780 000	2 722 090
Total liability	**2 780 000**	**2 722 090**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Fedhealth
Hosmed
Key Health
LA Health
Samwumed

3 Employment benefits (Continued)

The future service cost for the ensuing year is estimated to be R47 000 and the interest cost for the next year is estimated to be R273 000.

Sensitivity analysis on future service cost and interest cost

	Percent Change %	Service Cost R	Interest Cost R	Total Cost R	Percent Change %
Central assumption		47 000	273 000	320 000	
Health care inflation	1%	59 000	307 000	366 000	14%
Health care inflation	-1%	37 000	245 000	282 000	-12%
Mortality rates	20%	42 000	247 000	289 000	-10%
Mortality rates	-20%	53 000	307 000	360 000	13%

Sensitivity analysis on the accrued liability

	Percent Change %	In service members R	Continue members R	Total liability R	Percent Change %
Central assumptions		866 000	2 199 000	3 065 000	
Health care inflation	1%	967 434	2 456 566	3 424 000	12%
Health care inflation	-1%	780 671	1 982 329	2 763 000	-10%
Mortality rates	20%	786 040	1 995 960	2 782 000	-9%
Mortality rates	-20%	969 411	2 461 589	3 431 000	12%

Key actuarial assumptions applied:	2015 %	2014 %
Rate of interest		
Discount rate	7	7
Health care cost assumption rate	6	6
Net effective discount rate	0.94	0.94

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

Mortality rates
The PA 90 ultimate table, rated down by 1 year was used by the actuaries.

Normal retirement age
It is assumed that in-service members will retire at the age of 65, which then implicitly allows for expected rates of early and ill-health retirements.

3 Employment benefits (Continued)

The amounts recognised in the Statement of Financial position are as follows:

	2015	2014
	R	R
Present value of fund obligations	3 065 000	2 780 000
Total liability	**3 065 000**	**2 780 000**

The fund is wholly unfunded.
The municipality has elected to recognise the full amount in the defined benefit liability immediately as per *IAS 19, Employee Benefits, paragraph 155(a) and GRAP 25.*

	2015	2014
Reconciliation of present value of fund obligation	**R**	**R**
Present value of fund obligation at the beginning of the year	2 816 000	2 780 000
Amount expensed for the year	275 456	36 000
Change in accounting estimate - Refer to note 48	201 000	
Contribution for the year	39 000	42 000
Interest cost	262 000	191 000
Expenditure for the year	(226 544)	(197 000)
Actuarial (gains)/losses	(26 456)	-
Present value of fund obligation at the end of the year	3 065 000	2 816 000
Less: Transfer to current portion - Note 6	(211 000)	(204 000)
Balance 30 June	**2 854 000**	**2 612 000**

3.2 Long service awards

The long service awards plans are defined benefit plans.
As at year end, 78 (2014 = 108) employees were eligible for long service awards.

The current service cost for the ensuing year is estimated to be R143 000 (2014 = R130 000), whereas the interest cost for the next year is estimated to be R141 000 (2013 = R103 000)

	2015	2014
Key actuarial assumptions applied:	%	%
Rate of interest		
Discount rate	7.96	7
Health care cost assumption rate	5.5	5.5
Consumer price index (CPI)	6.33	6.33
Net effective discount rate	0.59	1.42

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

	2015	2014
	R	R

3 Employment benefits (Continued)

Sensitivity analysis on the future service cost and interest cost

	Percent Change %	Current Service R	Interest Cost R	Total Expense R	Percent Change %
Central assumptions		143 000	141 000	284 000	
Normal salary inflation	+1%	155 000	153 000	308 000	8%
Normal salary inflation	-1%	132 000	131 000	263 000	-7%
Withdrawal rates	20%	132 000	132 000	264 000	-7%
Withdrawal rates	-20%	156 000	152 000	308 000	8%

The amounts recognised in the Statement of Financial Position are as follows:	2015 R	2014 R
Present value of fund obligations	1 513 000	1 315 000
Net liability	**1 513 000**	**1 315 000**

Reconciliation of present value of fund obligation	2015 R	2014 R
Present value of fund obligation at the beginning of the year	1 315 000	1 215 000
Amount expensed for the year	172 246	100 000
Change in accounting estimate - Refer to note 48	(25 000)	
Contribution for the year	130 000	111 000
Interest cost	103 000	88 000
Expenditure for the year	(35 754)	(99 000)
Actuarial (gains)/losses	25 754	-
Present value of fund obligation at the end of the year	1 513 000	1 315 000
Less: Transfer to current portion - Note 6	(38 000)	(104 000)
Balance 30 June	**1 475 000**	**1 211 000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2014 R	2013 R
Members	1 215 000	724 082
Total liability	**1 215 000**	**724 082**

No experience adjustments were estimated.

		2015	2014
		R	R

Employment benefits (Continued)

Sensitivity analysis on the future service cost and interest cost

	Percent Change %	Liability Expense R	Percent Change %
Central assumptions		1 513 000	
Normal salary inflation	+1%	1 629 000	8%
Normal salary inflation	-1%	1 410 000	-7%
Withdrawal rates	20%	1 419 000	-6%
Withdrawal rates	-20%	1 621 000	7%

4 Non-current provisions

	2015	2014
Provision for Rehabilitation of Landfill-sites	7 772 619	7 385 776
Total non-current provisions	**7 772 619**	**7 385 776**

Landfill Sites

		2015	2014
Balance 1 July		28 134 246	26 869 186
Balance previously reported			-
Correction of Error - Note 49.1			26 869 186
Increase in Estimate		-	-
Balance previously reported			-
Correction of Error - Note 49.1			-
Unwinding of discounted interest		1 473 579	1 265 060
Balance previously reported			-
Correction of Error - Note 49.1			1 265 060
Total provision 30 June		**29 607 826**	**28 134 246**
Less:	Transfer of Current Portion to Current Provisions	(21 835 207)	(20 748 470)
Balance 30 June		**7 772 619**	**7 385 776**

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation 2015	Cost of rehabilitation 2014
Williston	2015	2 831 049	2 690 148
Fraserburg	2016	7 772 619	7 385 776
Sutherland	2015	19 004 158	18 058 322
		29 607 826	**28 134 246**

Material Assumtions used

Area of landfill site consumed

	2015	2014
Williston	100.00%	100.00%
Fraserburg	96.89%	96.89%
Sutherland	100.00%	100.00%

Discount Rate used

2013	4.71%
2014	4.53%
2015	5.24%

The discount rate used the calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R
4.1	**Capitalised restoration cost**		
	Net Carrying amount at 1 July	**1 265 334**	**2 260 236**
	Cost	3 324 147	3 324 147
	Balance previously reported		-
	Correction of Error - Note 49.2		3 324 147
	Accumulated Depreciation	(2 035 700)	(1 026 406)
	Balance previously reported		-
	Correction of Error - Note 49.2		(1 026 406)
	Accumulated Impairments	(23 113)	(37 505)
	Balance previously reported		-
	Correction of Error - Note 49.2		(37 505)
	Acquisitions	-	-
	Balance previously reported		-
	Correction of Error - Note 49.2		-
	Depreciation for the year	(1 063 408)	(1 009 294)
	Balance previously reported		-
	Correction of Error - Note 49.2		(1 009 294)
	Impairment/Reversal of Impairment	41 612	14 392
	Balance previously reported		-
	Correction of Error - Note 49.2		14 392
	Net Carrying amount at 30 June	**243 537**	**1 265 334**
	Cost	3 324 147	3 324 147
	Accumulated Depreciation	(3 099 108)	(2 035 700)
	Accumulated Impairments	18 498	(23 113)

Restoration cost financed by way of a provision - Refer to note 4 for further details

		2015 R	2014 R
5	**Consumer Deposits**		
	Water	101 475	100 952
	Electricity	62 807	63 618
	Solar heating	-	116 187
	Other	3 818	3 818
	Total consumer deposits	**168 100**	**284 575**

		2015	2014
		R	R
6	**Current Employee Benefits**		
	Current portion of post retirement benefits	211 000	204 000
	Current portion of long-service bonus provisions	38 000	104 000
	Bonuses accrued	494 961	453 333
	Staff leave	814 727	1 062 797
		1 558 688	**1 824 130**

		2015	2014
6.1	**Bonuses accrued**		
	Balance at the beginning of the year	453 333	613 851
	Contribution to current portion	1 170 344	(99 537)
	Expenditure incurred	(1 128 716)	-
	Correction of Error - Note 49.8	-	(60 981)
	Balance at the end of the year	**494 961**	**453 333**

Bonuses are being paid to all municipal staff, excluding section 57 managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.
There is no possibility of reimbursement.

		2015	2014
6.2	**Provision for staff leave**		
	Balance at the beginning of the year	1 062 797	1 264 906
	Contribution to current portion	67 176	(170 206)
	Expenditure incurred	(315 246)	(31 903)
	Balance at the end of the year	**814 727**	**1 062 797**

Staff leave accrued to employees according to collective agreement.
Provision is made for the full cost of staff leave at reporting date.
The provision will be realised as employees take leave.
There is no possibility of reimbursement.

		2015	2014
7	**Trade and other payables**	**R**	**R**
	Trade Payables	7 088 481	6 198 458
	Payments received in advance	385 380	398 140
	Other Creditors	379 390	391 616
	Sundry Deposits	110 182	-
	Staff Tea club	-	(49)
	Correction of error. Refer to note 49.9	-	(783 188)
	Total Trade Payables	**7 963 433**	**6 204 978**

Payables are being recognised net of any discounts. Payables are being paid within 30 days as prescribed by the MFMA. The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

		2015	2014
8	**Unspent Conditional Government Grants and Receipts**	**R**	**R**
	Unspent Grants	771 177	930 902
	National and Provincial Government Grants	771 177	930 902
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	**771 177**	**930 902**

Refer to note 20 and Appendix B for detailed reconciliation of grants.

9 Taxes

		2015	2014
9.1	**VAT Payable**		
	VAT provision in respect of outstanding debtor invoices	1 808 440	1 614 241
	Correction of error. Refer to note 49.14	-	(855 744)
	Contribution to provision for impairment of trade exchange receivables	(1 109 509)	(9 483)
	Total VAT payable	698 931	749 014
9.2	**VAT Receivable**		
	VAT receivable from SARS	239 913	247 977
	VAT provision in respect of outstanding creditor invoices	743 384	569 773
	Total VAT Receivable	983 298	817 750
9.3	**NET VAT payable / (receivable)**	**(284 367)**	**(68 736)**

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

10. PPE
Notes to the Financial Statements for the year ended 30 June 2015

2015

Reconciliation of Carrying Value	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Land and Buildings	53 629 772	-	(1 639 000)	51 990 772	4 533 278	664 107	-	5 197 385	46 793 387
Land	39 075 400	-	(1 639 000)	37 436 400	-	-	-	-	37 436 400
Buildings	14 554 372		-	14 554 372	4 533 278	664 107	-	5 197 385	9 356 987
Infrastructure	336 117 113	9 514 939	-	345 632 053	106 282 401	8 719 694	-	115 002 095	230 629 958
Electricity	31 394 623	-	-	31 394 623	7 484 447	581 177	-	8 065 624	23 328 999
Road Transport	136 228 851	-	-	136 228 851	58 616 192	4 929 103	-	63 545 294	72 683 557
Sanitation	38 933 334	7 025 890	-	45 959 223	6 829 911	733 207	-	7 563 117	38 396 106
Water Supply	93 235 535	2 440 856	-	95 676 392	19 161 704	1 959 903	-	21 121 607	74 554 785
Solid Waste Disposal	360 300	-	-	360 300	169 566	14 197	-	183 763	176 537
Stormwater	35 964 470	48 193	-	36 012 663	14 020 582	502 107	-	14 522 689	21 489 975
Community Assets	-	93 077	-	93 077	-	-	-	-	93 077
Recreation Grounds	-	93 077	-	93 077	-	-	-	-	93 077
Civil Buildings	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Parks & Gardens	-	-	-	-	-	-	-	-	-
Public Conveniences/Bathhouses	-	-	-	-	-	-	-	-	-
Land Strip	-	-	-	-	-	-	-	-	-
Lease Assets	376 517	168 729	-	545 246	199 066	156 172	-	355 238	190 008
Office Equipment	376 517	168 729	-	545 246	199 066	156 172	-	355 238	190 008

Reconciliation of Carrying Value	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Heritage Assets	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-
Other Assets	4 800 781	922 778	(234 875)	5 488 684	1 613 604	283 127	(234 875)	1 661 857	3 826 828
Airconditioning	176 051	-	-	176 051	61 608	13 895	-	75 503	100 548
Chairs	343 515	-	(4 485)	339 030	137 034	21 721	(4 485)	154 270	184 761
Compactor	15 000	-	-	15 000	6 875	1 016	-	7 891	7 109
Compressors	10 000	-	(10 000)	-	8 667	1 333	(10 000)	-	-
Computer hardware	694 890	879 728	(30 390)	1 544 228	243 601	60 922	(30 390)	274 134	1 270 094
Concrete mixer	17 170	-	-	17 170	7 923	1 174	-	9 098	8 072
Electronic equipment	71 386	-	-	71 386	29 849	4 809	-	34 658	36 728
Extinguisher fire	55 286	-	-	55 286	22 266	3 274	-	25 540	29 746
Generator	10 352	-	-	10 352	4 375	644	-	5 019	5 332
Lawnmower	5 404	-	-	5 404	2 332	344	-	2 676	2 728
Light duty vehicle	346 005	-	-	346 005	79 260	11 656	-	90 916	255 089
Mechanical equipment	731	-	-	731	296	43	-	339	391
Office equipment	77 108	-	-	77 108	34 758	5 700	-	40 457	36 651
Office furniture	402 453	-	-	402 453	103 486	15 634	-	119 120	283 333
Plant & Equipment	42 419	-	-	42 419	11 596	3 452	-	15 048	27 371
Portable gernerators	-	-	-	-	-	-	-	-	-
Pump equipment	22 594	-	-	22 594	6 840	1 575	-	8 415	14 179
Radio equipment	8 974	-	-	8 974	2 640	640	-	3 280	5 694
Road work machinery	389 000	-	-	389 000	191 218	28 419	-	219 637	169 363
Sewerage truck	297 868	-	(10 000)	287 868	52 537	13 826	(10 000)	56 363	231 505
Tables and desks	288 672	-	-	288 672	73 202	12 366	-	85 568	203 105
Tools	43 973	43 050	-	87 023	17 232	2 692	-	19 923	67 099
Tracktor	442 328	-	-	442 328	43 465	6 706	-	50 171	392 156
Trailer	557 650	-	-	557 650	235 760	35 404	-	271 164	286 486
Truck flat bed	480 000	-	(180 000)	300 000	235 940	35 756	(180 000)	91 696	208 304
Tv and video equipment	918	-	-	918	372	55	-	426	492
Welding machine	1 035	-	-	1 035	474	70	-	544	490
	-								
PPE	394 924 183	10 699 523	(1 873 875)	403 749 832	112 628 349	9 823 100	(234 875)	122 216 574	281 533 258
Grand Total	**394 924 184**	**10 699 523**	**(1 873 875)**	**403 749 833**	**112 628 348**	**9 823 100**	**(234 875)**	**122 216 574**	**281 533 260**

2014

Reconciliation of Carrying Value	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Land and Buildings	53 629 772	-	-	53 629 772	3 869 085	664 193	-	4 533 278	49 096 495
Land	39 075 400	-	-	39 075 400	-	-	-	-	39 075 400
Buildings	14 554 372	-	-	14 554 372	3 869 085	664 193	-	4 533 278	10 021 095
Infrastructure	325 850 185	10 266 929	-	336 117 113	97 904 938	8 377 463	-	106 282 401	229 834 712
Electricity	28 066 334	3 328 290	-	31 394 622	7 014 213	470 234	-	7 484 447	23 910 175
Road Transport	136 228 851	-	-	136 228 851	53 687 089	4 929 103	-	58 616 192	77 612 659
Sanitation	36 972 726	1 960 607	-	38 933 334	6 162 057	667 853	-	6 829 911	32 103 423
Water Supply	88 257 504	4 978 031	-	93 235 535	17 367 735	1 793 969	-	19 161 704	74 073 831
Solid Waste Disposal	360 300	-	-	360 300	155 369	14 197	-	169 566	190 734
Stormwater	35 964 470	-	-	35 964 470	13 518 475	502 107	-	14 020 582	21 943 889
Community Assets	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-
Civil Buildings	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Parks & Gardens	-	-	-	-	-	-	-	-	-
Public Conveniences/Bathhouses	-	-	-	-	-	-	-	-	-
Land Strip	-	-	-	-	-	-	-	-	-
Lease Assets	335 512	41 005	-	376 517	101 251	97 815	-	199 066	177 451
Office Equipment	335 512	41 005	-	376 517	101 251	97 815	-	199 066	177 451

Reconciliation of Carrying Value	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Heritage Assets	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-
Other Assets	4 790 651	10 131	-	4 800 781	1 335 094	278 509	-	1 613 604	3 187 178
Airconditioning	176 051	-	-	176 051	47 043	14 566	-	61 608	114 443
Chairs	343 515	-	-	343 515	114 709	22 325	-	137 034	206 481
Compactor	15 000	-	-	15 000	5 859	1 016	-	6 875	8 125
Compressors	10 000	-	-	10 000	7 333	1 333	-	8 667	1 333
Computer hardware	690 505	4 385	-	694 890	189 235	54 365	-	243 601	451 289
Concrete mixer	17 170	-	-	17 170	6 749	1 174	-	7 923	9 247
Electronic equipment	71 386	-	-	71 386	25 006	4 842	-	29 849	41 537
Extinguisher fire	55 286	-	-	55 286	18 992	3 274	-	22 266	33 020
Generator	10 352	-	-	10 352	3 730	644	-	4 375	5 977
Lawnmower	5 404	-	-	5 404	1 988	344	-	2 332	3 072
Light duty vehicle	346 005	-	-	346 005	67 604	11 656	-	79 260	266 745
Mechanical equipment	731	-	-	731	252	43	-	296	435
Office equipment	77 108	-	-	77 108	29 058	5 700	-	34 758	42 351
Office furniture	402 453	-	-	402 453	87 835	15 650	-	103 486	298 967
Plant & Equipment	42 419	-	-	42 419	8 021	3 575	-	11 596	30 823
Portable gernerators	-	-	-	-	-	-	-	-	-
Pump equipment	22 594	-	-	22 594	5 138	1 702	-	6 840	15 754
Radio equipment	8 974	-	-	8 974	1 968	671	-	2 640	6 334
Road work machinery	389 000	-	-	389 000	162 799	28 419	-	191 218	197 782
Sewerage truck	297 868	-	-	297 868	38 219	14 318	-	52 537	245 331
Tables and desks	282 927	5 746	-	288 672	61 003	12 199	-	73 202	215 470
Tools	43 973	-	-	43 973	14 530	2 701	-	17 232	26 741
Tracktor	442 328	-	-	442 328	36 759	6 706	-	43 465	398 863
Trailer	557 650	-	-	557 650	200 356	35 404	-	235 760	321 890
Truck flat bed	480 000	-	-	480 000	200 185	35 756	-	235 940	244 060
Tv and video equipment	918	-	-	918	317	55	-	372	546
Welding machine	1 035	-	-	1 035	404	70	-	474	560
PPE	384 606 119	10 318 064	-	394 924 183	103 210 367	9 417 980	-	112 628 348	282 295 835
Grand Total	384 606 119	10 318 064	-	394 924 183	103 210 366	9 417 981	-	112 628 348	282 295 836

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015	2014
11	**Investment Property**	**2015**	**2014**
	Net Carrying amount at 1 July		
	Cost	27 792 800	27 792 800
	Balance previously reported		18 265 200
	Correction of error - Note 49.5		9 527 600
	Accumulated Depreciation	(2 190 220)	(1 825 183)
	Balance previously reported		(179 000)
	Correction of error - Note 49.5		(1 646 183)
	Depreciation	(350 435)	(365 037)
	Balance previously reported		(35 800)
	Correction of error - Note 49.5		(329 237)
	Net Carrying amount at 30 June	**25 252 145**	**25 602 580**
	Cost	27 792 800	27 792 800
	Accumulated Depreciation	(2 540 655)	(2 190 220)

A register containing the information required by section 63 of the MFMA
is available for inspection at the registered offices of the municipality

		2015	2014
12	**Intangible Assets**		
	Net Carrying amount at 1 July		
	Cost	799 251	799 251
	Balance previously reported		1 192 472
	Correction of error - Note 49.4		(393 222)
	Accumulated Amortisation	(479 270)	(399 213)
	Balance previously reported		(398 966)
	Correction of error - Note 49.4		(247)
	Cost - Additions	21 271	-
	Balance previously reported		-
	Correction of error - Note 49.4		-
	Amortisation	(32 258)	(80 057)
	Balance previously reported		(79 793)
	Correction of error - Note 49.4		(264)
	Net Carrying amount at 30 June	308 994	319 981
	Cost	820 522	799 251
	Accumulated Amortisation	(511 528)	(479 270)

Description

No intangible assets were assessed having an indefinite useful life
There are no internally generated intangible assets at year end.
There are no intangible assets whose title is restricted.
No intangible assets were pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

	2015 R	2014 R
13 Long-term Receivables		
Balance previously reported	3 474 691	5 507 578
Correction of error - Note 49.15	-	(2 165 065)
Restated balance at the end of the year	3 474 691	3 342 513

The long-term receivables relates to outstanding customer service accounts where these customers have arrangements in place with the Municipality to pay their accounts at a fixed instalment over a period longer than 12 months. Arrangements are in place up to 2029.

	2015 R	2014 R
14 Inventory		
Water	7 900	21 890
Total inventory	**7 900**	**21 890**

No inventory were pledged as security for liabilities

15 Trade and Other Receivables from exchange transactions

	Gross Balance R	Impairment Provision R	Net Balances R
As at 30 June 2015			
Electricity	799 202	(430 477)	368 725
Water	3 051 068	(1 643 407)	1 407 661
Refuse	2 982 424	(1 606 433)	1 375 991
Sewerage	2 659 508	(1 432 500)	1 227 008
Other	7 505 532	(3 921 754)	3 583 778
	16 997 734	**(9 034 571)**	**7 963 163**

	Gross Balance R	Impairment Provision R	Net Balances R
As at 30 June 2014			
Electricity	660 663	(331 640)	329 023
Water	2 590 148	(1 300 202)	1 289 946
Refuse	2 442 622	(1 226 147)	1 216 475
Sewerage	2 028 734	(1 018 384)	1 010 350
Other	6 936 101	(3 361 422)	3 574 679
	14 658 268	**(7 237 794)**	**7 420 474**

	2015 R	2014 R
Reconciliation for long term arrangements		
Net receivables from exchange transactions	7 963 163	7 420 474
Less: Transfer to long term receivables - arrangements	(2 787 410)	(2 681 376)
Total net receivables from exchange transactions	**5 175 754**	**4 739 098**
Reconciliation of provision for bad debts		
Reported balance at the beginning of the year	7 237 794	9 428 950
Correction of error - Note 49.10	-	(2 268 376)
Contribution for the year	1 796 777	77 219
Balance at the end of the year	**9 034 571**	**7 237 794**

		2015	2014
15	**Ageing of Receivables from Exchange Transactions**	**R**	**R**
	Electricity Ageing		
	Current (0 - 30 days)	64 982	48 083
	31 - 60 days	35 988	49 934
	61 - 90 days	29 223	56 483
	Over 90 days	669 009	506 163
	Total	**799 202**	**660 663**
	Water Ageing		
	Current (0 - 30 days)	248 077	89 081
	31 - 60 days	137 388	78 015
	61 - 90 days	111 563	77 076
	Over 90 days	2 554 040	2 345 975
	Total	**3 051 068**	**2 590 147**
	Refuse Ageing		
	Current (0 - 30 days)	242 495	79 983
	31 - 60 days	134 297	71 779
	61 - 90 days	109 053	67 693
	Over 90 days	2 496 579	2 223 166
	Total	**2 982 424**	**2 442 621**
	Sewerage Ageing		
	Current (0 - 30 days)	216 240	73 379
	31 - 60 days	119 756	63 618
	61 - 90 days	97 246	58 611
	Over 90 days	2 226 267	1 833 125
	Total	**2 659 508**	**2 028 733**
	Other Ageing		
	Current (0 - 30 days)	591 999	-
	31 - 60 days	327 857	-
	61 - 90 days	266 229	-
	Over 90 days	6 094 848	-
	Total	**7 280 933**	**-**
	Total Ageing		
	Current (0 - 30 days)	1 363 792	290 527
	31 - 60 days	755 287	263 347
	61 - 90 days	613 313	259 863
	Over 90 days	14 040 743	6 908 430
	Total	**16 773 135**	**7 722 167**
15	**Summary of receivables by customer classification**		
	Residential, industrial, commercial	18 878 790	18 331 354
	National and provincial government	2 254 632	278 266
	Total	**21 133 423**	**18 609 620**

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts. All Non-Government debtors were either specifically impaired or subject to collective impairment.

	2015	2014
	R	R
16 Receivables from Non-Exchange Transactions		
Rates	4 135 689	4 089 807
Less: Allowance for doubtful debts	(2 227 620)	(2 271 747)
Less: Transfer to long term receivables - arrangements	(687 281)	(661 137)
Total net receivables from non-exchange transactions	**1 220 788**	**1 156 923**
Ageing of Receivables from Exchange Transactions		
Rates Ageing		
Current (0 - 30 days)	336 265	116 049
31 - 60 days	186 228	90 064
61 - 90 days	151 222	83 292
Over 90 days	3 461 973	3 655 141
Total	**4 135 689**	**3 944 546**
Reconciliation of doubtful debt provision		
Reported balance at the beginning of the year	2 271 747	1 047 661
Correction of error: Refer to note 49.11	-	1 201 519
Contributions to provision	(44 127)	22 567
Balance at the end of the year	**2 227 620**	**2 271 747**
Reconciliation of total doubtful debt provision		
Reported balance at the beginning of the year	9 509 541	10 476 612
Correction of error: Refer to note 49.10 and 49.11	-	(1 066 856)
Contributions to provision	1 752 650	99 785
Balance at the end of the year	**11 262 211**	**9 509 541**

Trade receivable impaired

	Exchange Transactions	Non-Exchange Transactions	Total
	R	R	R
2015			
Total	9 034 571	2 227 620	11 262 191
2014			
Total	7 237 794	2 271 747	9 509 541

Debts are required to be settled after 30 days, interest is charged after this date at prime + 1%. The fair value of trade and other receivables approximates their carrying amounts. Discounting of receivables are not performed at initial recognition in terms of GRAP 104.

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R
17	**Cash and cash equivalents**		
	Assets		
	Primary bank account	1 970 120	2 717 067
	Call investment accounts	903 782	387 593
	Cash floats	2 700	2 700
	Call Deposit	6 000	6 000
	Standardbank 32 day call	2 871	2 821
	Fuel deposit	15 000	15 000
	Eskom Investment Deposit	18 000	18 000
	Total cash and cash equivalents - Assets	**2 918 473**	**3 149 181**
	Current Accounts - Assets		
	Standard Bank - Account number 083212442	2 127 874	398 447
	ABSA Bank - Account number 2490000065	348 502	2 318 620
		2 476 376	**2 717 067**
	Standard Bank Account number 083212442 (Primary bank account)		
	Cash book balance at the beginning of the year	398 447	207 044
	Cash book balance at the end of the year	2 127 874	398 447
	Bank statement balance at the beginning of the year	671 954	174 533
	Bank statement balance at the end of the year	1 970 120	-
	ABSA Bank Account number 2490000065 (Secondary Bank Account)		
	Cash book balance at the beginning of the year	2 318 620	53 780
	Cash book balance at the end of the year	348 502	2 318 620
	Bank statement balance at the beginning of the year	2 302 321	26 367
	Bank statement balance at the end of the year	348 502	
	Call Accounts - Assets		
	Standard Bank - Account number 28 864 192 2002	2 871	-
	ABSA Bank - Account number 40 5435 2064	400 397	-
		403 268	**-**
	Standard Bank Account number 28 864 122 002		
	Cash book balance at the beginning of the year	2 821	-
	Cash book balance at the end of the year	2 871	-
	ABSA Bank - Account number 4054352064		
	Cash book balance at the beginning of the year	387 593	377 028
	Cash book balance at the end of the year	400 397	387 593
	Bank statement balance at the beginning of the year	387 593	377 028
	Bank statement balance at the end of the year	400 397	387 593
	Eskom deposit account		
	Cash book balance at the beginning of the year	-	-
	Correction of error. Refer to note 49.7	-	18 000
	Cash book balance at the end of the year	18 000	18 000
	Bank statement balance at the beginning of the year	18 000	-
	Bank statement balance at the end of the year	18 000	18 000

		2015	2014
18	**Property rates**	**R**	**R**
	Rateable land and buildings		
	Residential, commercial property, state	7 824 478	7 570 054
	Correction of error: Refer to note 49.11	-	(195 994)
	Less: Rebates	(3 261 193)	(3 070 615)
	Total assessment rates	**4 563 285**	**4 303 445**
	Property rates penalties imposed	217 030	262 140

Valuations - 01 July 2013

Rateable land and buildings as on 30 June 2015

	2015	2014
Residential	252 358 000	259 433 800
Business	69 222 000	51 205 200
Governments	40 513 500	48 284 000
Private schools	-	1 478 000
Churches	-	11 896 100
Municipal	17 751 100	33 254 500
Public Service Infrastructure (Zero Rated)	182 741 000	
Old age homes	-	5 474 300
Public Benefit Organisations	4 826 100	
Building clause	-	1 971 300
Multiple Purpose	485 000	
Vacant Land	21 578 200	
Farms	2 652 080 800	2 773 149 100
	3 241 555 700	3 186 146 300

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September each year. Interest is levied at prime plus 1% on outstanding monthly instalments

Rebates can be defined as any income the Municipality is entitled to by law to levy, but which has subsequently been foregone by way of rebate or remission.

Assessment rates are levied on the values of immovable property as determined by the independent expert. The last valuation came into effect on 01 July 2013.
Revaluations will be undertaken in terms of the Property Rates Act.

A rate in the rand for domestic properties of R0.010420 was charged on the total municipal value.
Businesses were charged at a rate of R0.010420 on the total municipal value.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R15 000 rebate. There are also different rebates and phased in tariffs for different sectors of the community.

		2015	2014
19	**Government Grants and Subsidies**	**R**	**R**
	Unconditional Grants	**14 669 000**	**13 390 000**
	Equitable share - Refer note 19.1	14 669 000	13 390 000
	Conditional Grants	**15 799 761**	**15 614 078**
	National Electrification Programme	-	1 000
	National FMG Grant	1 800 000	1 651 000
	National MIG Grant	8 890 000	10 266 929
	National MSIG Grant	934 000	891 000
	National Extended Public Works Program (EPWP)	1 349 714	650 286
	National LGSETA Skills Development Grant	7 031	37 328
	Provincial Library Grant	899 011	864 883
	Regional Bulk Infrastructure Grant	1 920 005	1 227 283
	Other Grants	-	24 369
	Total government grants and subsidies	**30 468 761**	**29 004 078**
	Government grants and subsidies - Capital	11 972 787	11 494 212
	Government grants and subsidies - Operating	18 495 973	17 509 866
		30 468 760	**29 004 078**

The municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA.

	2015	2014
Equitable share	14 669 000	13 390 000
Budget and treasury office,stormwater and roads	15 799 760	15 614 078
	30 468 760	**29 004 078**

19.1 Equitable Share

	2015	2014
Grants received	14 669 000	13 390 000

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by National Treasury.

19.2 National: Electrification Programme

	2015	2014
Bank balance at the beginning of the year	1 000	-
Current year receipts	-	1 000
Conditions met - transferred to revenue	-	-
Bank balance at the end of the year	**1 000**	**1 000**

		2015	2014
		R	**R**
19.3	**National: Finance Management Grant (FMG)**		
	Bank balance at the beginning of the year	**1 000**	**-**
	Current year receipts	1 800 000	1 651 000
	Conditions met - transferred to revenue	(1 800 000)	(1 650 000)
	Bank Balance at the end of the year	**1 000**	**1 000**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the MFMA. The FMG grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the interns)
No funds have been withheld.

		2015	2014
19.4	**National: Municipal Infrastructure Grant (MIG)**		
	Bank balance at the beginning of the year	**539 071**	-
	Current year receipts	8 890 000	10 806 000
	Conditions met - transferred to revenue	(8 890 000)	(10 805 000)
	Correction of error. Refer to note 49.12	-	538 071
	Bank balance at the end of the year	**539 071**	**539 071**

The grant is used to upgrade the sanitation networks.
No funds have been withheld.

		2015	2014
19.5	**National: Municipal Systems Improvement Grant (MSIG)**		
	Bank balance at the beginning of the year	**1 000**	**-**
	Current year receipts	934 000	891 000
	Conditions met - transferred to revenue	(934 000)	(890 000)
	Bank balance at the end of the year	**1 000**	**1 000**

The MSIG is used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

		2015	2014
19.6	**National: LGSETA Skills Development Grant**		
	Bank balance at the beginning of the year	**-**	**-**
	Current year receipts	7 031	37 328
	Conditions met - transferred to revenue	(7 031)	(37 328)
	Balance unspent at the end of the year	**-**	**-**

The grant is being used for the training and development of employees.

		2015	2014
19.7	**Provincial: Library Grant**		
	Balance unspent at the beginning of the year	**37 117**	**-**
	Current year receipts	1 093 000	902 000
	Conditions met - transferred to revenue	(899 011)	(901 000)
	Correction of error: Refer to note 49.13	-	36 117
	Balance not received at the end of the year	**231 106**	**37 117**

The grant is being used to support library services.

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R
19.8	**National Extended Public Works Programme (EPWP)**		
	Balance unspent at the beginning of the year	**350 714**	**-**
	Current year receipts	1 000 000	1 001 000
	Conditions met - transferred to revenue	(1 349 714)	(1 000 000)
	Correction of error: Refer to note 49.12	-	349 714
	Balance unspent at the end of the year	**1 000**	**350 714**

The grant is being used for the construction of houses.

		2015 R	2014 R
19.9	**Other Grants**		
	Balance unspent at the beginning of the year	**-**	**-**
	Current year receipts	-	24 369
	Conditions met - transferred to revenue	-	(24 369)
	Balance unspent at the end of the year	**-**	**-**

Other grants were received (NALA Grant and District MIG Grant).

		2015 R	2014 R
19.10	**Department of Water: Regional Bulk Infrastructure Grant**		
	Balance unspent at the beginning of the year (previously reported)	**1 000**	**1 000**
	Current year receipts	1 500 000	1 227 283
	Additional allocation	420 005	-
	Conditions met - transferred to revenue	(1 920 005)	(1 227 283)
	Balance unspent at the end of the year	**1 000**	**1 000**

The purpose of the grant is to develop infrastructure required to connect or to augment a water resource, to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area with the municipality.

The Municipality applied for an additional R420 005 during the 2014 financial year. The money was however only received during the 2015 financial year. An unspent conditional grant and unpaid conditional grant of R420 005 respectively were recognised during the 2014 financial year to account for the application for additional monies.

19.11 Changes in levels of Government Grants

Based on the allocation set out in the Division of Revenue Act, (Act No 5 of 2012) no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

		2015 R	2014 R
20	**Public Contributions and Donations**		
	Museum donations	835	1 485
21	**Service Charges**		
	Electricity	7 776 512	7 000 273
	Service charges	7 776 512	7 339 639
	Less: Rebates	-	(339 366)
	Water	2 075 881	2 020 765
	Service charges	2 075 881	2 022 283
	Correction of error: Refer to note 49.17	-	(1 518)
	Refuse removal	1 642 132	1 479 787
	Service charges	1 642 132	1 481 323
	Correction of error: Refer to note 49.17	-	(1 536)
	Sewerage and sanitation charges	1 978 153	1 605 504
	Service charges	1 978 153	1 608 151
	Correction of error: Refer to note 49.17	-	(2 647)
	Total Service Charges	**13 472 679**	**12 106 329**

Rebates can be defined as any income the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate,subsidy or remission.

		2015 R	2014 R
22	**Other Income**		
	Connection Fees	66 430	73 305
	Swimming pool fees	21 449	18 400
	Reversal of impairments	41 612	14 392
	Sundries	650 078	187 283
	Total Other Income	**779 569**	**293 380**
23	**Employee Related Costs**		
	Employee Related Costs - Salaries and Wages	14 345 133	14 602 420
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	974 421	1 004 023
	Travel, motor car, accommodation, subsistence and other allowances	-	189 579
	Overtime	223 294	231 521
	Bargaining council	6 333	6 998
	Bonuses	1 170 344	901 897
	Provision for leave	67 176	(155 635)
	Skills development	160 669	207 149
	Post retirement medical aid expenses	151 211	42 000
	Long service awards	33 493	111 000
	Total employee related costs	**17 132 072**	**17 140 952**

Key Management Personnel

The municipal manager and the chief financial officer are on a fixed term contracts. All other directors are employed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of their contract periods.

Remuneration of key management personnel

	2015 R	2014 R
Remuneration of the Municipal Manager: GW Von Mollendorf		
Annual remuneration	635 400	474 666
Travel Allowance	112 130	-
Contribution to UIF		1 189
Cell Phone Allowance	12 000	
	759 530	475 855
Remuneration of the Director Financial Services: MK Botha		
Annual remuneration	850 228	1 062 506
Leave Gratification	60 536	-
Contribution to UIF		1 605
Travel Allowance	178 121	
Cell Phone Allowance	11 000	
	1 099 886	1 064 111
Remuneration of the Acting Director Financial Services: S Myburgh		
Annual remuneration	265 500	-
	265 500	-
Remuneration of the Director Technical: FJ Lotter		
Annual remuneration	454 120	510 606
Annual bonus	44 817	41 967
Contribution to UIF		1 784
Travel Allowance	83 682	
Cell Phone Allowance	12 000	
	594 618	554 357
Remuneration of the Director Corporate Services: L Notnagel		
Annual remuneration	318 023	1 050 506
Annual bonus		87 542
Contribution to UIF		1 784
Leave Gratification	93 333	
Travel Allowance	32 146	
	443 502	1 139 832

		2015 R	2014 R
24	**Remuneration of Councillors**		
	Mayor	674 026	621 886
	Councillors	1 231 684	1 069 115
	Total councillors remuneration	**1 905 710**	**1 691 001**

In-kind Benefits

The Mayor is also the speaker of the Municipality. The mayor is full-time. The mayor is provided with secretarial support and an office at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

..

Signed: Municipal Manager

		2015 R	2014 R
25	**Debt Impairment**		
	Trade receivables from exchange transactions - Note 15	1 576 120	67 736
	Trade receivables from non-exchange transactions - Note 16	(44 127)	22 567
	Bad debts written off	-	30 562
	Total contribution to debt impairment	**1 531 993**	**120 865**
26	**Depreciation and amortisation**		
	Property, plant and equipment	9 823 101	14 367 647
	Capitilised restoration cost	1 063 408	1 009 294
	Intangible assets	32 258	79 794
	Correction of error Refer to note 49.17		(4 689 652)
	Investment property	350 435	35 800
	Total depreciation and amortisation	**11 269 202**	**10 802 884**
27	**Finance charges**		
	Long-term liabilities	201 320	209 414
	Post employment health	262 000	191 000
	Long service awards	103 000	88 000
	Provision for the rehabilitation of landfill sites	1 473 579	1 265 060
	Total finance charges	**2 039 900**	**1 753 475**
28	**Bulk purchases**		
	Electricity	6 488 302	6 541 859
29	**Grants and subsidies**		
	Other	-	2 900
	Total grants and subsidies paid	**-**	**2 900**

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015	2014
		R	R
30	**Operating grant expenditure**		
	Budget and treasury	3 076 031	6 223 968
31	**General expenses**		
	Audit fees	4 549 088	1 000 952
	Bank charges	179 429	89 505
	Fuel	514 717	366 454
	Refuse bags	72 991	55 159
	Insurance	205 204	138 602
	Legal fees	142 721	215 609
	Other expenditure	1 512 244	295 365
	Stationary	230 148	25 939
	Street lighting	68 734	
	Telephone	361 183	353 815
	Travelling	338 036	186 855
	Total general expenditure	**8 174 497**	**2 728 257**

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R
32	**Reconciliation between net surplus/(deficit) for the year and cash generated/(absorbed) by operations**		
	Surplus/(Deficit) for the year	(4 589 326)	(4 427 459)
	Adjustments for:		
	Depreciation and amortisation	11 269 202	15 464 204
	Acturial gain	(26 456)	-
	Acturial loss	25 754	-
	Contribution to employee benefits - current	240 558	153 000
	Contributions to provisions	1 473 579	(2 635)
	Loss on disposal of assets	1 443 773	
	Debt impairment	1 531 993	1 327 653
	Reversal of impairments	(41 612)	-
		11 327 466	**12 514 763**
	Operating surplus before changes in working capital		
	Changes in working capital:	**(59 725)**	**(3 987 700)**
	Increase/(Decrease) in Consumer Deposits	(116 475)	(3 551 909)
	Increase/(Decrease) in Provisions	(1 086 737)	-
	Increase/(Decrease) in Trade and Other Payables	2 255 838	-
	Increase/(Decrease) in Current Employee Benefits	(265 442)	119 568
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(577 730)	5 610
	Increase/(Decrease) in Taxes	245 307	25 154
	(Increase)/Decrease in Inventory	(13 990)	(586 123)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(436 632)	-
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(63 863)	-
	Cash generated/(absorbed) by operations	**11 267 741**	**8 527 063**

33 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

	2015	2014
Bank Accounts - Refer to Note 17	1 970 120	2 723 068
Call Investments - Refer to Note 17	912 653	390 414
Cash Floats - Refer to Note 17	2 700	2 700
Eskom Deposit - Refer to Note 17	18 000	18 000
Fuel deposit - Refer to Note 17	15 000	15 000
Total cash and cash equivalents	**2 918 473**	**3 149 182**

		2015 R	2014 R
34	**Reconciliation of available cash and investment resources**		
	Cash and Cash Equivalents - Note 33	2 918 473	3 149 182
	Less:		
	Unspent Conditional Grants and Receipts - Note 12	(771 177)	(930 902)
	VAT Receivable - Note 9	284 367	68 737
	Net cash resources available for internal distribution/(resources utilised for internal distribution)	**2 431 663**	**2 287 017**

35	**Utilisation of long term liabilities reconciliation**		
	Long - Term Liabilities - Note 2	2 824 283	2 972 217
	Used to finance property, plant and equipment	-2 824 283	-2 972 217
	Cash invested for repayment of long - term liabilities	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

		2015 R	2014 R
36	**Unauthorised, Irregular, fruitless and wasteful expenditure disallowed**		
36.1	**<u>Unauthorised expenditure</u>**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	65 070 196	51 262 582
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	10 599 769	13 807 614
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation by municipal council	**75 669 965**	**65 070 196**

Incident	**Disciplinary steps / criminal proceedings**
Over expenditure of approved budgets per vote - See Notes 36.2	*None*

36.2 Unauthorised expenditure current year	**2015 R (Budget)**	**2015 R (Actual)**	**2015 R (Variance)**	**2015 R Unauthorised**
Executive & Council	2 506 655	9 136 885	(6 630 230)	6 630 230
Budget & Treasury	20 008 674	16 057 036	3 951 638	-
Corporate Services	1 001 556	1 803 278	(801 722)	801 722
Planning & Development	1 246 499	1 578 936	(332 437)	332 437
Health	-	-	-	-
Community & Social Services	1 439 809	1 413 679	26 130	-
Housing	-	-	-	-
Public Safety	-	-	-	-
Sport & Recreation	155 711	310 187	(154 476)	154 476
Waste Management	82 000	2 762 903	(2 680 903)	2 680 903
Waste Water Management	5 899 929	2 803 472	3 096 457	-
Streets & Public Works	10 298 215	6 199 028	4 099 187	-
Water	7 898 985	4 165 136	3 733 849	-
Electricity	12 264 353	8 441 840	3 822 513	-
Total Expenditure	62 802 386	54 672 380	8 130 006	10 599 769

	2015	2014
	R	R

36.3 Fruitless and wasteful expenditure

	2015 R	2014 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 263 928	1 058 023
Fruitless and wasteful expenditure current year	128 523	205 905
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	**1 392 450**	**1 263 928**

Incident	**Disciplinary steps / criminal proceedings**
Legal costs and other expenditure incurred in lost legal cases.	*None*
Interest and penalties on late payments to suppliers	*None*

36.4 Irregular expenditure

	2015 R	2014 R
Reconciliation of irregular expenditure:		
Opening balance	243 758	-
Irregular expenditure current year	-	-
Procurement processes not followed	11 050 054	243 758
Awards to suppliers not on the municipality's approved database	179 265	-
Quotations not evaluated in accordance with Section 2 (1) (a) of PPPF Act.	705 678	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting approval	**12 178 755**	**243 758**

The full extent of the irregular expenditure of R12 178 755, as disclosed in note 36.4 to the financial statements, is still in the process of being investigated.

36.5 Material losses

	2015	2014
Electricity distribution losses		
- Units purchased (Kwh)	5 766 695	6 160 162
- Units lost during distribution (Kwh)	602 451	1 057 303
- Percentage lost during distribution	10.45%	17.16%
Water distribution losses		
- Kilo litres raw water input	331 112	-
- Kilo litres lost during distribution	30 032	-
- Percentage lost during distribution	8.99%	-

Own consumption is allocated to departments but do not form part of revenue. Bulk water metres are installed at reservoirs to determine water distribution losses.

		2015	2014
		R	R
37	**Additional disclosures in terms of the Municipal Finance Management Act**		
37.1	**Contributions to local organised government - [MFMA 125(1)(b)] - SALGA Contributions**		
	Opening balance	916 353	700 000
	Council subscriptions	1 010 000	500 000
	Amount paid - current year	(206 570)	(283 647)
	Balance unpaid (included in creditors)	**1 719 783**	**916 353**
37.2	**Audit fees - [MFMA 125(1)(c)]**		
	Opening balance	696 306	696 306
	Current year audit fee		
	External audit - Auditor General	4 549 088	1 000 952
	VAT	636 872	140 133
	Amount paid - current year	(1 530 314)	(1 141 085)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	**4 351 953**	**696 306**
37.3	**VAT - [MFMA 125(1)(c)]**		
	Opening balance	247 977	676 923
	Amounts received - current year	5 741 218	1 635 179
	Amounts paid - current year	(5 749 282)	(2 064 125)
	Amounts received - previous years	-	-
	Amounts claimed - current year	-	
	Closing balance - Receivable	**239 913**	**247 977**
	Vat in suspense due to cash basis of accounting		
	Input vat	698 931	749 014
	Output vat	(983 298)	(817 750)
	Payable	**(284 367)**	**(68 736)**

Vat is payable/receivable on the cash basis. Vat is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

		2015	2014
37.4	**PAYE, SDL and UIF - [MFMA 125(1)(c)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	3 243 226	3 327 768
	Amount paid - current year	(3 243 226)	(3 327 768)
	Balance unpaid (included in creditors)	**-**	**-**

		2015	2014
		R	R
37.5	**Pensions and Medical Aid Deductions - [MFMA 125(1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	4 297 493	594 468
	Amount paid - current year	(4 297 493)	(594 468)
	Balance unpaid (included in creditors)	**-**	**-**

37.6 Councillor's arrear consumer accounts - [MFMA 125(1)(b)]

The following councillors had arrear accounts for more than 90 days as at 30 June:

	2015	2014
JS Beukes	-	2 569
K Koopman	18 289	-
Total Councillor Arrear Consumer Accounts	**18 289**	**2 569**

37.7 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation (36)(1)(a) & (b)

	Sole supplier	Emergency	Impracticle
R0 - R2000	405 398	1 242	8 308
R2000 - R10 000	584 437	9 065	44 907
R10 000 - R30 000	606 082	24 100	75 290
R30 000 - R200 000	524 248	68 524	189 557
R200000 +	-	-	-
	2 120 165	**102 931**	**318 061**

The municipality has confirmed the above deviations as identified by the external audit process and is currently investigating all expenditure in order to quantify the full extent of the deviations.

37.8 Budget: Non Compliance with Sec 29 and Sec 71

No unforeseen and unavoidable expenditure was incurred.

38 Capital Commitments

Commitments in respect of capital expenditure

	2015	2014
Expenditure approved and not yet contracted:	41 395 872	12 098 528
Infrastructure	41 395 872	12 098 528
Intangible assets	-	-
The expenditure will be financed from:		
Government Grants	41 395 872	12 098 528

	2015	2014
	R	R

39 Retirement Benefit Information

The Cape Joint Pension Fund is a multi- employer plan. This means that there are multiple local authorities that participate in the fund. In terms of GRAP 25, multi-employer plans are defined benefit plans. GRAP 25 also states that when sufficient information is not available to apply defined benefit accounting for a multi-employer plan, an entity will account for the plan as a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Fund's assets from the Fund administrator. The Fund administrator confirmed that the assets of the Fund are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liability, the Municipality requested pensioner data from the Fund administrator. The Fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Therefore the Municipality was unable to calculate a reliable estimate of the accrued liability.

Cape Joint Pension Fund

The contribution rate payable is 9% by members and 18% by Council. The last acturial valuation performed for the year ended 30 June 2015 revealed that the Fund is in sound financial position.

Defined Contribution Funds

Council contribute SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. Current contributions by Council are charged against expenditure on the basis of current service cost.

40 Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign exchange currency risk**

The Municipality does not engage in foreign currency transactions.

(b) **Price risk**

The municipality is not exposed to price risk.

40 Financial Risk Management continued

(c) Interest rate risk

As the municipality has significant interest bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority interest bearing liabilities.

The Municipality did not hedge against any interest rate risk during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:	2015 R	2014 R
1% (2014 - 1%) Increase in interest rate	(63 728)	(44 598)
0.50% (2014 - 0.50%) Decrease in interest rate	31 864	22 299

(d) Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debt. Trade debtors comprise of a large number of ratepayers dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

All rates and services are payable within 30 days from invoice date. Refer to notes 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2015 R	2014 R

40 Financial Risk Management continued

(d) Credit risk continued

Receivables are pledged as security for financial liabilities.

Financial assets exposed to credit risk at year end are as follows:

	2015 R	2014 R
Long term receivables	3 474 691	3 342 514
Receivables from exchange transactions	5 175 731	4 739 099
Receivables from non-exchange transactions	1 220 788	1 156 924
Cash and Cash Equivalents	2 918 473	3 149 182

Due to the short term nature of receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rates plus 1% where applicable.

	2015 %	2015 R	2014 %	2014 R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
Non-exchange receivables				
Rates	19.78	(2 227 620)	23.89	(2 271 747)
Exchange receivables				
Service charges	80.22	(9 034 571)	76.11	(7 237 794)
		(11 262 191)		(9 509 541)
Exchange receivables				
Service charges		-		-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposures are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long term receivables, Receivables from exchange transactions and Receivables from non-exchange transactions are individually evaluated annually at year end for impairment.

40 Financial Risk Management continued

	2015	2014
	R	R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	3 474 691	3 342 514
Receivables from exchange transactions	5 175 731	4 739 099
Receivables from non-exchange transactions	1 220 788	1 156 924
Cash and cash equivalents	2 918 473	3 149 182
	12 789 682	**12 387 719**

Credit quality of financial assets not past due or impaired:

Long term receivables and trade receivables

Trade and other receivables are amounts owing by consumers, and are presented net of impairment losses. The Municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an on-going basis. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness, subsequently the Municipality has no control over the approval of new customers who acquire properties in the designated area and consequently incur rates, water and electricity debts.
The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.
Referto notes 13, 15 and 16 for the cateforisation of debtors.

Cash and cash equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with it's investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can
be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

<u>Credit ratings:</u>

	2015	2014
<u>Credit rating</u>		
AA	**2 918 473**	**3 149 181**

	2015	2014

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under the credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2015	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	458 616	1 890 734	1 353 784	-
Trade and Other Payables	8 397 477	-	-	-

2014	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	458 616	1 890 734	1 353 784	-
Trade and Other Payables	8 397 477	-	-	-

41 Financial Instruments

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

41.1 Financial assets

Financial instruments at amortised cost	2015	2014
Long term receivables	3 474 691	3 342 514
Receivables from exchange transactions	5 175 731	4 739 099
Receivables from non-exchange transactions	1 220 788	1 156 924
Cash and cash equivalents	2 918 473	3 149 182
Total carrying amount of financial assets	12 789 682	12 387 719

Karoo Hoogland Municipality
Notes to the Financial Statements for the year ended 30 June 2015

		2015 R	2014 R
41.2	**Financial liability**		
	Financial instruments at amortised cost		
	Long term liabilities	2 529 318	2 170 439
	Payables from exchange transactions	7 963 433	6 988 166
	Current portion of long term liabilities	294 965	83 226
		10 787 716	9 241 831

42 Events after the reporting date

No such instances.

43 In-kind Donations and Assistance

The municipality did not receive any in-kind donations or assistance during the year under review.

44 Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

45 Contingent Liability

		2015 R	2014 R
45.1	Claims against Council	-	3 000 000
	The claims above relates to summonses issued against Council after the Labour Court set aside the suspension of senior officials as unlawful. Council to investigate the salary scales of employees due to audit finding. As Council is seeking legal advice the amount cannot accurately be presented.		
45.2	Permits for the operation of landfill sites		
	The Municipality has three active landfill sites. It has been identified that the landfill sites situated in Williston, Fraserburg and Sutherland. The sites in Williston and Sutherland are not licensed as required by the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), In accordance with section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in section 67(1)(a), (9) or (h) is liable to a fine or to imprisonment, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.	-	-
		-	3 000 000

46 Contingent Asset

	2015 R	2014 R
KHM vs L Nothnagel	117 651	-
A cliam against L Nothnagel relating to Labour Court costs.		
KHM vs SAMWU (A van Wyk)	17 101	-
Bargaining Council resolution in favour of KHM.		
Council to investigate the salary scales of employees due to audit finding. As Council is seeking legal advice the amount cannot accurately be presented.	-	-
	134 752	-

		2015	2014
		R	R

47 Related Parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers/residents.

47.1 Related party transactions

		2015	2014
SJ van Schalkwyk	Soek 'n Slapie Guest House	280	420

	Rates levied 1 July 2014 to 30 June 2015	Service charges 1 July 2014 to 30 June 2015	Other charges 1 July 2014 to 30 June 2015	Outstanding balances at 30 June 2015
	R	R	R	R
Year ended 30 June 2015				
Councillors	12 151	23 203	-	18 289
Municipal Manager and Section 57 Personnel	-	7 036	-	-
Year ended 30 June 2014				
Councillors	8 281	29 616	-	2 569
Municipal Manager and Section 57 Personnel	-	13 183	21 780	-

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

47.2 Related party loans

None

47.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 23 to the Annual Financial Statements.

48 Change in accounting estimate

The provision for Long service awards and Post-employment Medical Aid expenses was re-assessed by the actuary responsible for the valuation of the estimates. This is due to new information, which was not available during the previous assessment. The effect of this assessment is as follows:

Long service awards	**Current valuation date 30 June 2015**	**1 Year following valuation date**	**2 Years following valuation date**	**3 Years following valuation date**
Change in accounting estimate	(25 000)	-	-	-
Current Service Cost in the income statement	-	143 000	148 079	153 942
Interest Cost in the income statement	-	141 000	153 447	160 767
Actuarial Loss / (Gain)	25 754	-	-	-

Post-Employment Medical Aid	**Current valuation date 30 June 2015**	**1 Year following valuation date**	**2 Year following valuation date**	**3 Year following valuation date**
Current Service Cost in the income statement	-	47000	47000	47000
Interest Cost in the income statement	-	273 000	273 000	273 000
Actuarial Loss / (Gain)	-26456	-	-	-

50 Explanations of significant variances between budgeted amounts and actual amounts

Public Contributions and Donations

No income was expected in the form of Donations from Museum Services

Actuarial Gains and losses

Management did not budget for Actuarial gains and losses

Property Rates - Penalties & Collection Charges

The amount for penalties was originally budgeted in Property Rates Revenue.

Rental of Facilities and Equipment

Due to the tender process followed the income from Rentals was higher than anticipated in the original budget

Interest Earned - External Investments

Due to the tender process followed the income from Rentals was higher than anticipated in the original budget

Interest Earned - Outstanding Debtors

It was anticipated that the collection rate for debtors will be 90%and in reality the collection rate is 83% and therfore the increase in the billed interest

Other Revenue

Succesfull insurance claims that was not originally budgeted for. Sharp increase in electricty reconnection quantities due to more strict credit control

Depreciation and Amortisation

Due to the non updating of the Asset Register the budget on depreciation could not be determined accurately.

Finance Charges

The provision for landfill site rehabilitation charges not originally budgeted for. Value R 1.5 Mil

Repair and Maintenance

Due to the ageing of the vehicles more maintenance was needed on the vehicles and therfore the higher actual expenditure than the anticipated provision in the budget

Operating Grant Expenditure

The EPWP funds was not budgeted for under operating Grant expenditure but incorrectly under the capital budget although the actual expenditure was correctly expend to operating grant expenditure

General Expenses

Audit fees increased substantially from the previous year which was not budgeted for.

Capital expenditure

Obsolete assets were sold, which required replacement asset to be purchased.

		2014 R
49	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
49.01	**Non-Current Provisions**	
	Balance previously reported	**-**
	First time recognition of Landfill site provision contribution against accumulated surplus as at 30 June 2013 - Note 4	18 598 179
	First time recognition of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2013 - Note 4	8 271 007
	First time recognition on calculation of Landfill site provision increase against finance charges during 2013/14 - Note 4	1 265 060
	Total	**28 134 246**
49.02	**Capitalised Restoration Cost**	
	Balance previously reported	**-**
	First time recognition of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2013 - Note 4.1	8 271 007
	First time recognition on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2013 - Note 4.1	(5 373 623)
	First time recognition on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2013 - Note Note 4.1	(637 148)
	First time recognition on calculation of depreciation on Capitalised Restoration Cost during 2013/14 - Note Note 4.1	(1 009 294)
	First time recognition on calculation of impairment on Capitalised Restoration Cost during 2013/14 - Note Note 4.1	14 392
	Restated balance	**1 265 334**
49.03	**Property, plant and equipment**	
	Balance previously reported	**158 600 098**
	Accumulated Depreciation on PPE incorrectly calculated for 2010-2013 reversed - Refer to note 10	185 558 964
	Accumulated Depreciation on PPE correctly calculated for 2010-2013 - Refer to note 10	(103 109 117)
	Accumulated Depreciation on PPEcorrectly calculated for 2014 - Refer to note 10	6 144 039
	Complete PPE cost 2014 - Refer to note 10	(349 366 072)
	Incomplete PPE cost reversed - Refer to note 10	384 270 607
	Complete PPE cost identified and first time recognition - Refer to note 10	(1 749)
	Accumulated Depreciation on PPE incorrectly calculated for 2010-2013 - Refer to note 10	101 251
	Accumulated Depreciation on PPE incorrectly calculated for 2014 - Refer to note 10	97 815
	Restated balance	**282 295 835**
49.04	**Intangible Assets**	
	Balance previously reported	**713 713**
	Accumulated Amortisation on Intangible Assets incorrectly calculated for 2011-2013 reversed - Refer to note 12	239 379
	Accumulated Amortisation on Intangible Assets incorrectly calculated for 2014 reversed - Refer to note 12	79 793
	Accumulated Amortisation on Intangible Assets correctly calculated for 2011-2013 - Refer to note 12	(239 626)
	Accumulated Amortisation on Intangible Assets correctly calculated for 2014 - Refer to note 12	(80 057)
	Cost incorrectly added for 2011 reversed - Refer to note 12	(394 537)
	Cost correctly identified to be added for 2013 - Refer to note 12	1 316
		319 981

49 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

		2014 R
49.05	**Investment Property**	
	Balance previously reported	**18 050 400**
	Accumulated Depreciation on Investment Property incorrectly calculated for 2010-2013 reversed - Refer to note 11	179 000
	Accumulated Depreciation on Investment Property incorrectly calculated for 2014 reversed - Refer to note 11	35 800
	Accumulated Depreciation on Investment Property correctly calculated for 2010-2013 - Refer to note 11	(1 825 183)
	Accumulated Depreciation on Investment Propertycorrectly calculated for 2014 - Refer to note 11	(365 037)
	Incomplete Investment Property cost reversed - Refer to note 11	(18 265 200)
	Complete Investment Property cost identified and first time recognition - Refer to note 11	27 792 800
		25 602 580
49.06	**Long term liabilities**	
	Balance previously reported	**2 253 665**
	Correct 2013 opening balance to agree to DBSA statement	826 812
	Correct 2014 capital repayments incorrectly expensed to finance charges	(168 538)
	Initial recognition of finance lease liability - 2010 - 2013 financial years.	307 113
	Reverse finance lease liability opening balance with no movement since 2010.	(218 907)
	Initial recognition of finance lease liability - 2013/2014 financial year.	41 005
	Correction of finance lease payments incorrectly recorded as lease rentals expenditure	(132 396)
	Finance lease liability settled by EDK.	(35 225)
	Correct interest on loan account to agree to loan confirmation from DBSA.	98 687
	Restated balance	**2 972 216**
49.07	**Cash and cash equivalents**	
	Balance previously reported	**3 131 182**
	Correct Eskom deposit account which was incorrectly expensed	18 000
	Restated balance	**3 149 182**
49.08	**Current Employee benefits**	
	Balance previously reported	**1 885 111**
	Reverse accrual incorrectly recognised for section 57 managers.	(60 981)
	Restated balance	**1 824 130**
49.09	**Trade and other payables**	
	Balance previously reported	**6 988 166**
	Expenditure recorded in the incorrect financial year.	(783 188)
	Restated balance	**6 204 978**

49 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

49.10 Trade and Other Receivables from exchange transactions

	2014 R
Balance previously reported	**228 566**
Correction of levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	(6 807)
Correction of provision for debt impairment estimate for the 2012-13 financial year.	2 268 646
Reverse 2013-14 debt impairment previously recognised	1 167 382
Record revised provision for debt impairment for 2014	(77 219)
Adjustment of the current portion of long term receivables	1 158 801
Restated balance	**4 739 368**

49.11 Trade and Other Receivables from non-exchange transactions

	2014 R
Balance previously reported	**1 441 030**
Correction of levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	(195 994)
Correction of provision for debt impairment estimate for the 2012-13 financial year.	(1 201 519)
Reverse 2013-14 debt impairment previously recognised	129 709
Record revised provision for debt impairment for 2014	(22 567)
Adjustment of the current portion of long term receivables	1 006 264
Restated balance	**1 156 923**

49.12 Unspent Conditional Government Grants and Receipts

	2014 R
Balance previously reported	**3 000**
Recognised unspent portions for unspent conditional grant bank balances	4 000
Recognised unspent portion of conditional grants as liability - MIG grant	538 071
Recognised unspent portion of conditional grants - Library development grant	36 117
Recognised unspent portion of conditional grants as liability - EPWP grant	349 714
Restated balance	**930 902**

49.13 Unpaid Conditional Government Grants and Receipts

	2014 R
Balance previously reported	**415 639**
Derecognise unpaid conditional grant incorrectly recognised for overspending of library grant for 2012-13 financial year.	(415 639)
Restated balance	**-**

49.14 Value added tax payable

	2014 R
Balance previously reported	**796 491**
VAT portion of restated debt impairment 2013	(879 369)
Correction of VAT 201	23 625
VAT portion of 2013-14 debt impairment	(9 483)
Restated balance	**(68 736)**

49.15 Longterm receivables

	2014 R
Balance previously reported	**5 507 578**
Adjustment of the current portion of long term receivables	(2 165 065)
Restated balance	**3 342 513**

49	**CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)**	**2014** **R**
49.16	**Accumulated surplus / (deficit)**	
	Opening balance previously reported	**(176 528 161)**
	Accumulated Depreciation on PPE incorrectly calculated for 2010-2013 reversed	(185 558 964)
	Accumulated Depreciation on PPE incorrectly calculated for 2010-2013 reversed	103 109 117
	Incomplete PPE cost reversed	349 366 072
	Complete PPE cost identified and first time recognition	(384 270 607)
	Accumulated Amortisation on Intangible Assets incorrectly calculated for 2011-2013 reversed	(239 379)
	Accumulated Amortisation on Intangible Assets correctly calculated for 2011-2013	239 626
	Cost incorrectly added for 2011 reversed	394 537
	Cost correctly identified to be added for 2013	(1 316)
	Accumulated Depreciation on Investment Property incorrectly calculated for 2010-2013 reversed	(179 000)
	Accumulated Depreciation on Investment Property correctly calculated for 2010-2013	1 825 183
	Incomplete Investment Property cost reversed	18 265 200
	Complete Investment Property cost identified and first time recognition	(27 792 800)
	Accumulated Depreciation on PPE correctly calculated for 2010-2013	101 251
	Derecognise unpaid conditional grant incorrectly recognised for overspending of grant for 2012-13 financial year.	415 639
	Correction of lease payments since 2010 incorrectly expensed.	(324 154)
	Correct loan opening balance to agree to DBSA statement.	826 812
	Correct 2014 provision for debt impairment balance to agree to revised estimate.	(1 066 836)
	Recognise VAT portion of restated 2013 debt impairment	(879 369)
	First time recognition of Landfill site provision contribution against accumulated surplus as at 30 June 2013 - Note 3.01 and 1	18 598 179
	First time recognition on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2013 - Note 3.02 and 2	5 373 623
	First time recognition on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2013 - Note 3.02 and 2	637 148
	Restated opening balance	**(277 688 198)**
49.17	**Statement of financial performance**	
	Deficit previously reported	**4 427 459**
	Accumulated Depreciation on PPE correctly calculated for 2014	97 815
	Accumulated Depreciation on PPE correctly calculated for 2014	(6 144 039)
	Complete PPE cost 2014 - Refer to note	1 749
	Accumulated Amortisation on Intangible Assets incorrectly calculated for 2014 reversed	(79 793)
	Accumulated Amortisation on Intangible Assets correctly calculated for 2014	80 057
	Accumulated Depreciation on Investment Property incorrectly calculated for 2014 reversed	(35 800)
	Accumulated Depreciation on Investment Propertycorrectly calculated for 2014	365 037
	First time recognition on calculation of Landfill site provision increase against finance charges during 2013/14 - Note 3.01 and 1	1 265 060
	First time recognition on calculation of depreciation on Capitalised Restoration Cost during 2013/14 - Note 3.02 and 2	1 009 294
	First time recognition on calculation of impairment on Capitalised Restoration Cost during 2013/14 - Note 3.02 and 2	(14 392)
	Re-allocate debts written off to debt impairment account	5 142
	Reverse 2013-14 debt impairment	(1 308 993)
	Record value added tax on revised contribution to debt impairment for 2014	(9 483)
	Record revised provision for debt impairment for 2014	99 785
	Recording of depreciation for the 2013/14 financial year for the leased assets, settled by EDK	46 109
	Reverse accrual incorrectly recognised for section 57 managers.	(60 981)
	Correction of finance lease payments incorrectly recorded as lease rentals expenditure	51 628
	Correct prior year capital repayments incorrectly expensed to finance charges surplus by posting to loan account	(168 538)
	Correct interest on loan account to agree to loan confirmation from DBSA.	98 721
	Expenditure recorded in the incorrect financial year.	(783 188)
	Recording of Eskom deposit not previously recorded	(18 000)
	Recognised unspent portion of conditional grants as liability - Library development grant	35 117
	Recognised unspent portion of conditional grants as liability - EPWP grant	350 714
	Recognised unspent portion of conditional grants as liability - MIG grant	539 071
	Correction of VAT 201	23 625
	Finance lease liability setteled by a third party	4 486
	Correction of finance lease payments incorrectly recorded as repairs and maintenance	(184 024)
	Correction of refuse levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	1 536
	Correction of sewerage levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	2 647
	Correction of water levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	1 518
	Correction of property tax levies/payments in relation to transactions recorded in 2013/2014 financial year and earlier.	200 826
	Restated deficit / (surplus) for the year	**(99 833)**

APPENDIX A
KAROO HOOGLAND MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Number	Redeemable	Balance at 2014/06/30	Balance at 2014/06/30 Restated	Received during the period	Redeemed written off during the period	Balance at 2015/06/30
ANNUITY LOAN								
DBSA	5%	102367/1	31 December 2026	3 017 029	2 791 719	-	165 024	2 626 694
Total Annuity Loans				**3 017 029**	**2 791 719**	**-**	**165 024**	**2 626 694**

APPENDIX B
KAROO HOOGLAND MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance at 30 June 2014 R	Contributions during the year R	Correction of error R	Operating Expenditure during the year Transferred to Revenue R	Capital Expenditure during the year Transferred to Revenue R	Total Expenditure during the year Transferred to Revenue	Grants Withheld R	Bank balance at 30 June 2015 R	Unspent 30 June 2015 (Creditor) R	Unpaid 30 June 2015 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS										
National Government Grants										
Integrated Electrification Programme									-	-
Financial Management Grant	1 000	1 800 000	-	1 435 042	364 958	1 800 000	-	1 000	-	-
Municipal Infrastructure Grant	539 071	8 890 000	-	-	8 890 000	8 890 000	-	1 000	540 071	-
Municipal Systems Improvement Grant	1 000	934 000	-	284 011	649 989	934 000	-	1 000	-	-
LG SETA Skills Development Grant	-	7 031	-	7 031		7 031	-	-	-	-
Total National Government Grants	**541 071**	**11 631 031**	**-**	**1 726 083**	**9 904 947**	**11 631 031**	**-**	**3 000**	**540 071**	**-**
Provincial Government Grants										
Regional Bulk Infrastructure Grant	421 005	1 500 000		-	1 920 005	1 920 005		1 000	-	-
Expanded Public Works Programme		1 000 000	350 714	1 201 879	147 835	1 349 714	-	1 000	-	-
Library Services	-	1 093 000	36 117	899 011	-	899 011	-	1 000	231 106	-
Total Provincial Government Grants	**421 005**	**3 593 000**	**386 831**	**2 100 890**	**2 067 840**	**4 168 730**	**-**	**3 000**	**231 106**	**-**
Other Grants										
District Municipality Surplus funds	-		-	-	-	-	-	-	-	-
NALA	-	-	-	-	-	-	-	-	-	-
Total Other Grants	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equitable Share	-	14 669 000		14 669 000		14 669 000				
TOTAL GOVERNMENT GRANTS	**962 076**	**29 893 031**	**386 831**	**18 495 973**	**11 972 787**	**30 468 761**	**-**	**6 000**	**771 177**	**-**